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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 10 1993

In the Matter of:)
)
Regulatory Reform for)
Local Exchange Carriers)
Subject to Rate of Return)
Regulation)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket No. 92-135

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ERRATUM

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The United States Telephone Association (USTA)
respectfully submits this Erratum to its Comments in this
proceeding, filed September 9, 1993. Those Comments were to
include a series of recommended tariff review plan (TRP) forms
for use in implementing the Commission's decision. Only a part
of the full set of forms actually was included with the filing.
Pages were inadvertently omitted during coordination of the
material by counsel. The Comments with the full set of
recommended forms is attached for the record here. Copies of
this filing and the full set of TRP forms will be sent
overnight to those parties who filed comments on September 9.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By: Martin T. McCue

Martin T. McCue
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September 10, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Regulatory Reform for)	
Local Exchange Carriers)	CC Docket No. 92-135
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COMMENTS OF
THE UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA), pursuant to Section 1.429(f) of the Commission's rules, 47 C.F.R. § 1.429(f), hereby comments on the National Exchange Carrier Association's (NECA's) "Petition for Reconsideration," and on the American Telephone and Telegraph Company's (AT&T's) "Petition for Clarification or, Alternatively, Reconsideration," both filed on August 5, 1993, in the above-captioned proceeding. NECA and AT&T seek reconsideration and/or clarification of the Commission's Report and Order (R&O) in this proceeding, FCC No. 93-253, released June 11, 1993.

The relief sought by NECA and AT&T is largely consistent with the arguments set forth in USTA's "Petition for Partial Reconsideration and Clarification," also filed on August 5. For example, NECA asks that local exchange carriers (LECs) that exit the Commission's Optional Incentive Regulation (OIR) plan be allowed to enter, or reenter, NECA's voluntary traffic sensitive pool. (NECA Petition, pp. 3-4) USTA also sought reconsideration on this point. (USTA Petition, pp. 6-7) USTA agrees with NECA

that providing LECs with the opportunity to enter or reenter NECA's traffic sensitive pool is necessary in order to ensure pool neutrality, an important Commission objective.

AT&T asks the Commission to clarify that LECs are to utilize a 24-month base period for OIR filings subsequent to the initial filing. (AT&T Petition, p. 4) If, however, the Commission actually intended to allow use of a 12-month base period, AT&T requests that the Commission reconsider its decision. (Id.) AT&T states that reconsideration is necessary to preserve the self-corrective nature of the historical cost-based tariffs under the OIR plan, and to remove an opportunity for LECs to "game" the system. (Id.)

While USTA disagrees that LECs would have either the incentive or opportunity to "game" the system under the OIR plan, USTA supports AT&T's request to utilize a 24-month base period for subsequent OIR plan tariff filings. As stated in USTA's petition (pp. 4-5), 24-month data is the most accurate data for purposes of tariff review and monitoring efforts, and is necessary to obtain the full effect of the self-correction feature of the OIR plan.

AT&T also requests that the carrier common line ("CCL") demand adjustment formula be clarified and revised in order to accurately reflect the Commission's stated intent. (AT&T Petition, pp. 5-6) USTA agrees that the formula, as set forth in both amended Section 61.39 and new Section 61.50 of the

Commission's rules, does not reflect the text of the Report and Order. (See R&O, ¶ 60) For this reason, USTA has recommended that the Commission adopt the wording set forth in the attachment to USTA's petition, in place of the current versions of Section 61.39(b)(3) and (4), and Section 61.50(k). (See USTA Petition, pp. 17-18)


Finally, AT&T is concerned that the pricing flexibility feature of the OIR plan lacks an index to track carrier prices. AT&T believes that, as presently written, new Section 61.50(h)(2) (which deals with pricing flexibility) could be interpreted to permit a LEC to set prices over the two-year tariff period so as to recover 110% of the LEC's costs, including rate of return. (AT&T Petition, pp. 7-8)

USTA agrees that the result envisioned by AT&T under the pricing flexibility feature of the OIR plan was not intended by the Commission. USTA believes, however, that the method of tracking rate changes should be determined in the tariff review process contemplated by the Commission. (See R&O, ¶ 36) In this regard, USTA has developed a recommended tariff review plan (TRP) which could be utilized to track a LEC's use of pricing flexibility under the OIR plan. A copy of USTA's proposed TRP is attached to these comments.

In sum, the Commission should grant the petitions of USTA, NECA and AT&T for reconsideration and/or clarification of the R&O, in line with the comments set forth above.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

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September 9, 1993

ATTACHMENT

RECOMMENDED TRP FORMS FOR OIR TARIFF FILINGS

RECOMMENDED TRP FORMS FOR OIR TARIFF FILINGS

- 1) **COS-1(H)** - Corresponds to current Tier 2 TRP COS-1. Contains historical revenue and cost data for two-year PYCOS period. Data shown for Total Company, Part 64, Subject to Separations, Interstate, and Part 69 elements.
- 2) **COS-2 - Eliminated.** Comparisons of forecasts to actual results are not relevant to OIR tariff regulation.
- 3) **DMD-1** - Corresponds to current Tier 2 TRP DMD-1 except for the exclusion of prospective data. Provides common line demand data for each year in the OIR base period.
- 4) **DMD-2** - Corresponds to current Tier 2 TRP DMD-2 except for the exclusion of prospective data. Provides special access demand quantities for the OIR base period.
- 5) **DMD-3** - Corresponds to current Tier 2 TRP DMD-3 except for the exclusion of prospective data. Provides common line demand and revenue data.
- 6) **DMD-4** - Corresponds to current Tier 2 TRP DMD-4 except for the exclusion of prospective data. Provides historical common line and traffic sensitive minutes of use data for four years (OIR tariff base period and preceding two years).
- 7) **DMD-6 - New form for OIR filings.** Contains the common line adjustment factor calculation.
- 8) **RTE-1** - Corresponds to current Tier 2 TRP RTE-1 providing current-to-proposed rate comparisons.
- 9) **RTE-2** - Corresponds to current Tier 2 TRP RTE-2 providing annualized priceout comparisons.
- 10) **RTE-3** - No change from the current Tier 2 TRP RTE-3 providing COSAs for which rates are averaged.
- 11) **RTE-4 - New form for OIR filings - Pricing Flexibility Relationship Maintenance Worksheet.** Present mechanism by which OIR LECs develop rates for a biennial filing that maintain the relative pricing flexibility relationships from the previous tariff period.

RECOMMENDED TRP FORMS FOR OIR TARIFF FILINGS

- 12) **RTE-5 - New form for OIR filings - Pricing Flexibility Worksheet.** Presents parameters for pricing flexibility filings, including 10% limit tests for service category rate changes and revenue neutrality tests for service baskets.
- 13) **REV-1 - Eliminated.** Demand and rate reconciliations presented on REV-1 are redundant with respect to data shown on RTE-4.
- 14) **REV-2 - No change from current Tier 2 TRP REV-2** providing test period revenues.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

COS-1 (H)
PAGE 1 OF 4

HISTORIC COST ANALYSIS SUMMARY

PYCOS PERIOD 1/92 THRU 12/93		ADJUSTMENTS			TOTAL COMPANY SUBJECT TO SEPARATIONS (D) = A - B - C
		TOTAL COMPANY (A)	PART 64 (B)	OTHER (C)	
REVENUES					
100	Network Access	N/A	N/A	N/A	N/A
110	Uncollectibles	N/A	N/A	N/A	N/A
120	Common Line Support	N/A	N/A	N/A	N/A
130	Long Term	N/A	N/A	N/A	N/A
140	Transitional	N/A	N/A	N/A	N/A
150	Miscellaneous	N/A	N/A	N/A	N/A
160	Net Revenues	N/A	N/A	N/A	N/A
EXPENSES					
170	Plant Specific	N/A	N/A	N/A	N/A
180	Plant Non Specific excl Depr & Amort	N/A	N/A	N/A	N/A
190	Depreciation/Amortization				0
200	Customer Operations	N/A	N/A	N/A	N/A
210	Access	N/A	N/A	N/A	N/A
220	Corporate Operations	N/A	N/A	N/A	N/A
230	AFUDC	N/A	N/A	N/A	N/A
240	Other Expenses and Adjustments	N/A	N/A	N/A	N/A
250	Taxes Other than FIT	N/A	N/A	N/A	N/A
260	Total Expenses and Other Taxes	N/A	N/A	N/A	N/A
FIT ADJUSTMENTS					
270	Adjustments for FIT				0
280	Amortized ITC				0
290	Federal Income Taxes	N/A	N/A	N/A	N/A
300	TOTAL EXPENSES AND TAXES	N/A	N/A	N/A	N/A
TELEPHONE PLANT IN SERVICE					
310	General Support				0
320	Central Office Equipment - Switch				0
330	Central Office Equipment - Trans				0
340	Cable and Wire				0
350	Info Orig/Term Equipment				0
360	Amortizable Assets				0
370	Total Plant in Service				0
ADJUSTMENTS TO TPIS					
380	Depreciation/Amortization Reserve				0
390	Accum. Deferred Income Tax				0
400	Other Rate Base Adjustments	N/A	N/A	N/A	N/A
RETURN DATA					
410	Average Rate Base	N/A	N/A	N/A	N/A
420	Return	N/A	N/A	N/A	N/A
430	Rate of Return	N/A	N/A	N/A	N/A

OPTIONAL INCENTIVE REGULATION PLAN

COS-1(H)
PAGE 2 OF 4

HISTORIC COST ANALYSIS SUMMARY

PYCOS PERIOD 1/92 THRU 12/93		INTERSTATE			ROR REGULATED
		INTERSTATE	BILLING & COLLECTION	INTEREXCHANGE	IS ACCESS
		(E)	(F)	(G)	(H) = E - F - G
REVENUES					
100	Network Access	N/A	N/A	N/A	0
110	Uncollectibles	N/A	N/A	N/A	0
120	Common Line Support	N/A	N/A	N/A	0
130	Long Term	N/A	N/A	N/A	0
140	Transitional	N/A	N/A	N/A	0
150	Miscellaneous	N/A	N/A	N/A	0
160	Net Revenues	N/A	N/A	N/A	0
EXPENSES					
170	Plant Specific				0
180	Plant Non Specific excl Depr & Amort				0
190	Depreciation/Amortization				0
200	Customer Operations				0
210	Access		N/A		N/A
220	Corporate Operations				0
230	AFUDC	N/A	N/A	N/A	0
240	Other Expenses and Adjustments				0
250	Taxes Other than FIT				0
260	Total Expenses and Other Taxes				0
FIT ADJUSTMENTS					
270	Adjustments for FIT				0
280	Amortized ITC				0
290	Federal Income Taxes		N/A	N/A	0
300	TOTAL EXPENSES AND TAXES		N/A	N/A	0
TELEPHONE PLANT IN SERVICE					
310	General Support				0
320	Central Office Equipment - Switch				0
330	Central Office Equipment - Trans				0
340	Cable and Wire				0
350	Info Orig/Term Equipment				0
360	Amortizable Assets				0
370	Total Plant in Service				0
ADJUSTMENTS TO TPIS					
380	Depreciation/Amortization Reserve				0
390	Accum. Deferred Income Tax				0
400	Other Rate Base Adjustments				0
RETURN DATA					
410	Average Rate Base		N/A	N/A	0
420	Return	N/A	N/A	N/A	0
430	Rate of Return	N/A	N/A	N/A	0

NOTE 1: CCL support data contained on Lines 120 thru 140 is not applicable for companies that participate in the NECA pool.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

COS-1(H)
PAGE 3 OF 4HISTORIC COST ANALYSIS SUMMARY

PYCOS PERIOD 1/92 THRU 12/93	PAY PHONE (I)	COMMON LINE		TOTAL (L)=I+J+K
		INSIDE WIRE (J)	BFP (K)	
REVENUES				
100 Network Access	N/A	N/A	N/A	0
110 Uncollectibles	N/A	N/A	N/A	0
120 Common Line Support	N/A	N/A	N/A	0
130 Long Term	N/A	N/A	N/A	0
140 Transitional	N/A	N/A	N/A	0
150 Miscellaneous	N/A	N/A	N/A	0
160 Net Revenues	N/A	N/A	N/A	0
EXPENSES				
170 Plant Specific				0
180 Plant Non Specific excl Depr & Amort				0
190 Depreciation/Amortization				0
200 Customer Operations				0
210 Access	N/A	N/A	N/A	N/A
220 Corporate Operations				0
230 AFUDC				0
240 Other Expenses and Adjustments				0
250 Taxes Other than FIT	N/A	N/A	N/A	0
260 Total Expenses and Other Taxes	N/A	N/A	N/A	0
FIT ADJUSTMENTS				
270 Adjustments for FIT				0
280 Amortized ITC				0
290 Federal Income Taxes	N/A	N/A	N/A	0
300 TOTAL EXPENSES AND TAXES	N/A	N/A	N/A	0
TELEPHONE PLANT IN SERVICE				
310 General Support				0
320 Central Office Equipment - Switch				0
330 Central Office Equipment - Trans				0
340 Cable and Wire				0
350 Info Orig/Term Equipment				0
360 Amortizable Assets				0
370 Total Plant in Service				0
ADJUSTMENTS TO TPIS				
380 Depreciation/Amortization Reserve				0
390 Accum. Deferred Income Tax				0
400 Other Rate Base Adjustments				0
RETURN DATA				
410 Average Rate Base				0
420 Return	N/A	N/A	N/A	0
430 Rate of Return	N/A	N/A	N/A	0

NOTE 1: CCL support data contained on Lines 120 thru 140 is not applicable for companies that participate in the NECA pool.

HISTORIC COST ANALYSIS SUMMARY

PYCOS PERIOD 1/92 THRU 12/93	SWITCHED TRAFFIC SENSITIVE					TOTAL SWITCHED TRAFFIC SENSITIVE (Q)=M+N+O+P	SPECIAL ACCESS (R)
	LOCAL	EQUAL	LOCAL				
	SWITCHING (M)	ACCESS (N)	TRANSPORT (O)	INFORMATION (P)			
REVENUES							
100	Network Access					0	
110	Uncollectibles					0	
120	Common Line Support	N/A	N/A	N/A	N/A	N/A	N/A
130	Long Term	N/A	N/A	N/A	N/A	N/A	N/A
140	Transitional	N/A	N/A	N/A	N/A	N/A	N/A
150	Miscellaneous					0	
160	Net Revenues					0	
EXPENSES							
170	Plant Specific					0	
180	Plant Non Specific excl Depr & Amort					0	
190	Depreciation/Amortization					0	
200	Customer Operations					0	
210	Access	N/A	N/A	N/A	N/A	N/A	N/A
220	Corporate Operations					0	
230	AFUDC					0	
240	Other Expenses and Adjustments					0	
250	Taxes Other than FIT					0	
260	Total Expenses and Other Taxes					0	
FIT ADJUSTMENTS							
270	Adjustments for FIT					0	
280	Amortized ITC					0	
290	Federal Income Taxes					0	
300	TOTAL EXPENSES AND TAXES					0	
TELEPHONE PLANT IN SERVICE							
310	General Support					0	
320	Central Office Equipment – Switch					0	
330	Central Office Equipment – Trans					0	
340	Cable and Wire					0	
350	Info Orig/Term Equipment					0	
360	Amortizable Assets					0	
370	Total Plant in Service					0	
ADJUSTMENTS TO TPIS							
380	Depreciation/Amortization Reserve					0	
390	Accum. Deferred Income Tax					0	
400	Other Rate Base Adjustments					0	
RETURN DATA							
410	Average Rate Base					0	
420	Return					0	
430	Rate of Return					0	

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-1
PAGE 1 OF 3

ACCESS DEMAND
COMMON LINE

<u>HISTORIC PERIOD</u>		<u>PREMIUM CCL MOU</u>			<u>NON-PREMIUM CCL MOU</u>		
		<u>ORIG</u> (A)	<u>TERM</u> (B)	<u>TOTAL</u> (C)=A+B	<u>ORIG</u> (D)	<u>TERM</u> (E)	<u>TOTAL</u> (F)=D+E
100	HISTORICAL PERIOD (1/92 THRU 12/92)			0			0
110	HISTORICAL PERIOD (1/93 THRU 12/93)			0			0
120	TOTAL BASE PERIOD (1/92 THRU 12/93)	0	0	0	0	0	0

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-1
PAGE 2 OF 3

		ACCESS DEMAND COMMON LINE				
		TOTAL CCL MOU			TOTAL CHARGEABLE CCL MOU	
<u>HISTORIC PERIOD</u>		<u>ORIG</u> (G)=A+D	<u>TERM</u> (H)=B+E	<u>TOTAL</u> (I)=C+F	<u>ORIG</u> (J)=A+(D*.45)	<u>TERM</u> (K)=B+(E*.45)
100	HISTORICAL PERIOD (1/92 THRU 12/92)	0	0	0	0	0
110	HISTORICAL PERIOD (1/93 THRU 12/93)	0	0	0	0	0
120	TOTAL BASE PERIOD (1/92 THRU 12/93)	0	0	0	0	0

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-1
PAGE 3 OF 3

ACCESS DEMAND
TRAFFIC SENSITIVE

<u>HISTORIC PERIOD</u>		<u>PREMIUM LS2</u> (A)	<u>PREMIUM LS1</u> (B)	<u>NON-PREMIUM</u> (C)	<u>TOTAL</u> (D) = A+B+C	<u>TOTAL CHARGEABLE</u> (E) = A+B+ (C*0.45)
100	HISTORICAL PERIOD (1/92 THRU 12/92)				0	0
110	HISTORICAL PERIOD (1/93 THRU 12/93)				0	0
120	TOTAL BASE PERIOD (1/92 THRU 12/93)	0	0	0	0	0

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-2
PAGE 1 OF 1

SPECIAL ACCESS
DEMAND COMPARISON

HISTORICAL
1/92 THRU 12/93

<u>HISTORIC PERIOD</u>	<u>CHANNEL</u> <u>TERMINATION</u> (A)	<u>CIRCUITS</u> (B)	<u>INTEROFFICE</u> <u>MILES</u> (C)
100	Metallic		
110	Telegraph		
120	Voice Grads (excl. WATS)		
130	WATS		
140	Audio Program (FULL TIME)		
150	High Capacity		

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-3
PAGE 1 OF 1

COMMON LINE
DEMAND & REVENUE

HISTORICAL
1/92 THRU 12/93

<u>HISTORIC PERIOD</u>	<u>REVENUE (A)</u>	<u>MOU OR LINES (B)</u>
100 Total End User Charges		N/A
110 Residence		
120 Single Line Business		
130 Multi Line Business		
140 Special Access Surcharges		
150 Carrier Common Line (1)		
160 Total Common Line Revenues		N/A

NOTE: This chart is not applicable for companies that participate in the NECA Common Line pools.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

DMD-4
PAGE 1 OF 1

MINUTES OF USE
DEMAND COMPARISON

COMMON LINE
MOU
(A)

TRAFFIC SENSITIVE
MOU
(B)

100 Historical 1/93 thru 12/93

110 Historical 1/92 thru 12/92

120 Historical 1/91 thru 12/91

130 Historical 1/90 thru 12/90

NOTES: 1. Companies participating in the NECA carrier common line pool should not populate column A.

FILING ENTITY:

OPTIONAL INCENTIVE REGULATION PLAN
CARRIER COMMON LINE DEMAND
ADJUSTMENT FACTOR CALCULATION

DMD-6
PAGE 1 OF 1

		1990	1991	1992	1993	Subsequent OIR Filing	Initial OIR Filing
		(A)	(B)	(C)	(D)	$(E = [C + D] / [A + B] - 1)$	$(F = D / C - 1)$
100	Historical CCL MOU Demand	0	0	0	0	N/A	N/A
130	Growth in CCL MOU	N/A	N/A	N/A	N/A	0.00%	0.00%
140	Initial OIR Filing CCL Adjustment Factor [1+ln130]	N/A	N/A	N/A	N/A	N/A	0.00
150	Subsequent OIR Filing CCL Adjustment Factor [1+ln130/2]	N/A	N/A	N/A	N/A	0.00	N/A

NOTE: Companies making their initial OIR filing should populate columns C, D & F.
Those filing under OIR in subsequent tariff periods should populate Columns A through E.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

RTE-1
PAGE 1 OF 1

SWITCHED AND SPECIAL
ACCESS RATE ANALYSIS

	<u>7/1/93 RATE</u> (A)	<u>CURRENTLY EFFECTIVE RATE</u> (B) NOTE 1	<u>PROPOSED 7/1/94 RATE</u> (C)	<u>PROPOSED TO 7/1/93 % CHANGE</u> (D) = ((C-A)/A)*100	<u>PROPOSED TO CURRENT % CHANGE</u> (E) = ((C-B)/B)*100
<u>A. SWITCHED ACCESS RATES</u>					
100 Premium CCL Terminating Rate, Cents Per Minute				0	0
110 Non-Premium Terminating CCL Rate, Cents Per Minute				0	0
120 Premium Switching Rate, Cents per minute				0	0
130 Non-Premium Switching Rate, Cents Per Minute				0	0
140 Premium Local Transport Rate, Cents Per Minute (Avg. Mileage)				0	0
150 Non-Premium Local Transport Rate, Cents Per Minute (Avg. Mileage)				0	0
160 Equal Access Per _____				0	0
170 Non-Recurring Charge Per _____				0	0
<u>B. END USER CHARGES</u>					
180 Multiline Business				0	0
190 Residence and Single-Line Bus.				0	0
<u>C. SPECIAL ACCESS RATES</u>					
200 2-Wire Voice Grade, \$ Per Circuit (Avg. Mileage)				0	0
210 4-Wire Voice Grade, \$ Per Circuit (Avg. Mileage)				0	0

NOTE: NECA carrier common line companies are not required to complete lines 100 and 110.

NOTE: NECA end user companies are not required to complete lines 180 and 190.

NOTE 1: If current rates in column B differ from column A, exchange carriers should indicate in a footnote the effective date of the column B rate.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

RTE-2
PAGE 1 OF 1

ANNUALIZED ACCESS
PRICEOUT COMPARISONS

	<u>REVENUE AT 7/1/93 RATE</u> (A)	<u>REVENUE AT CURRENTLY EFFECTIVE RATE</u> (B)	<u>CHANGE (C)=B-A</u>	<u>REVENUE AT PROPOSED 7/1/94 RATE</u> (D)	<u>CHANGE (E)=D-B</u>
100 Multi Line Business			0		0
110 Residence and Single Line Business			0		0
120 Carrier Common Line			0		0
130 Special Access			0		0
140 Local Switching			0		0
150 Equal Access			0		0
160 Information			0		0
170 Local Transport			0		0

NOTE: NECA carrier common line companies are not required to complete line 120.

NOTE: NECA end user companies are not required to complete lines 100 and 110.

NOTE: All non-recurring charges should be included.

NOTE: Current base period demand quantities should be uniformly applied to different rate schedules to obtain priceouts.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

RTE-3
PAGE 1 OF 2

COSAS FOR WHICH
RATES ARE AVERAGED

	<u>COSAS (NOTE)</u>	<u>MULTI LINE BUSINESS</u> (A)	<u>RESIDENCE & SINGLE LINE BUS</u> (B)	<u>CARRIER COMMON LINE</u> (C)
100				
110				
120				
130				
140				
150				
160				
170				
180				
190				
200				
210				
220				
230				

NOTE: Companies should list in the appropriate column all COSAs for which rates are averaged or pooled.

Filing Entity:

OPTIONAL INCENTIVE REGULATION PLAN

RTE-3
PAGE 2 OF 2

COSAS FOR WHICH
RATES ARE AVERAGED

<u>COSAS (NOTE)</u>	<u>SWITCHING</u> (D)	<u>LOCAL TRANSPORT</u> (E)	<u>INFORMATION</u> (F)	<u>EQUAL ACCESS</u> (G)	<u>SPECIAL ACCESS</u> (H)
100					
110					
120					
130					
140					
150					
160					
170					
180					
190					
200					
210					
220					
230					

NOTE: Companies should list in the appropriate column all COSAs for which rates are averaged or pooled.

FILING ENTITY:

**PRICING FLEXIBILITY
RELATIONSHIP MAINTENANCE WORKSHEET**

RTE-4
PAGE 1 OF

Existing Rates
as of 3/31/94

Tariff Period
Eff. 7/1/94

7/1/94 Rates
With Existing Pricing Flexibility
Relationships

TRAFFIC SENSITIVE**Service Category 1: Information**

	<u>Previous Base Min/Mes/Ln (A)</u>	<u>Rates (B)</u>	<u>Rev (C)</u>	<u>% of Basket (D)</u>	<u>Total Basket Rev. Req. (E)</u>	<u>Base Period Min/Mes/Ln (F)</u>	<u>% of Basket (G=D)</u>	<u>Rev. Req. (H=G*E)</u>	<u>Rates (I=H/F)</u>
190 Directory Assistance	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
200 White Page Surcharge	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
210 Other Information	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
220 SC1 Total			\$0	N/A	N/A	N/A	N/A	\$0	N/A
<u>Local Switching</u>									
230 Premium LS2	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
240 Premium LS1	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
250 Non-premium	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
260 Equal Access	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
270 SC2 Total			\$0	N/A	N/A	N/A	N/A	\$0	N/A
<u>Local Transport</u>									
280 Premium Termination	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
290 Nonprem Termination	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
300 Premium Facility	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
310 Nonprem Facility	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
320 Trans Install per Trunk	0	\$0.00	\$0	0.00%	N/A	0	0.00%	\$0	\$0.00
330 Other Transport	0	\$0.000000	\$0	0.00%	N/A	0	0.00%	\$0	\$0.000000
335 SC3 Total			\$0	N/A	N/A	N/A	N/A	\$0	N/A
340 <u>Traffic Sensitive Total</u>			\$0	0.00%	\$0		0.00%	\$0	N/A

**OPTIONAL INCENTIVE REGULATION
PRICING FLEXIBILITY WORKSHEET
SWITCHED SERVICES**

		Rate Making Demand	Proposed Rate Before Pricing Flex			Proposed Flexibly Priced Rates (Note 1)		
		<u>MinyMes/Ln</u> (A)	<u>Rates</u> (B)	<u>Rev</u> (C)	<u>Upper Limit</u> <u>+ 10%</u> (D=C*1.1)	<u>Lower Limit</u> <u>- 10%</u> (E=C*0.9)	<u>Flexed</u> <u>Rates</u> (F)	<u>Flexed</u> <u>Rev</u> (G)
<u>TRAFFIC SENSITIVE</u>								
<u>Service Category 1: Information</u>								
190	Directory Assistance	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
200	White Page Surcharge	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
210	Other Information	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
220	SC1 Total		N/A	\$0	\$0	\$0	Within Band: Note 2	\$0
<u>Service Category 2: Local Switching</u>								
230	Premium LS2	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
240	Premium LS1	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
250	Non-premium	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
260	Equal Access	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
270	SC2 Total		N/A	\$0	\$0	\$0	Within Band: Note 2	\$0
<u>Service Category 3: Local Transport</u>								
280	Premium Termination	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
290	Nonprem Termination	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
300	Premium Facility	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
310	Nonprem Facility	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
320	Trans Install per Trunk	0	\$0.00	\$0	N/A	N/A	\$0.00	\$0
330	Other Transport	0	\$0.000000	\$0	N/A	N/A	\$0.000000	\$0
340	SC3 Total		N/A	\$0	\$0	\$0	Within Band: Note 2	\$0
350	<u>Traffic Sensitive Basket Total</u>		N/A	\$0	N/A	N/A		\$0
360	Pricing Flexibility Revenue Test (Ln 350 G <= Ln 350 C)						<u>REVENUE TEST – Note 3</u>	

Note 1: Columns F and G will be used when the LEC is filing notice of a rate change under the pricing flexibility rules.

Note 2: Flexed rates meet within band test if Service Category revenues fall within revenue limits defined by Columns D and E.

Note 3: Pricing Flexibility revenue neutrality test is met if total basket flexed revenues (Col. G, Line 350) are less than or equal to total basket revenue requirements (Col. C, Line 350).